

**MINUTES OF THE
PUBLIC UTILITIES AND TECHNOLOGY INTERIM COMMITTEE**
Wednesday, September 17 , 2003 – 9:00 a.m. – Rooms 414/416 State Capitol

Members Present:

Sen. Leonard M. Blackham, Senate Chair
Rep. Stephen H. Urquhart, House Chair
Sen. Peter C. Knudson
Rep. Sheryl L. Allen
Rep. Ralph Becker
Rep. Chad E. Bennion
Rep. Glenn A. Donnelson
Rep. Brent H. Goodfellow
Rep. Ty McCartney
Rep. Michael E. Noel
Rep. Gordon E. Snow
Rep. Michael R. Styler
Rep. David Ure

Members Absent:

Sen. John L. Valentine
Sen. Mike Dmitrich
Rep. Greg J. Curtis

Staff Present:

Mr. Richard North, Policy Analyst
Mr. Thad LeVar, Associate General Counsel
Mr. Clay Hatch, Legislative Information Liaison

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the Clay Hatch at 538-1032.

1. Committee Business

Chair Blackham called the meeting to order at 9:20 a.m. Senator Mike Dmitrich was excused from the meeting.

A quorum was not present to approve the minutes of the June 18 and July 16, 2003, meetings.

2. Power Grid Stability: Utah

Mr. Ric Campbell, Chair, Public Service Commission, noted that PacifiCorp provides approximately 75 percent of the power in Utah. In addition to normal distribution system investment, PacifiCorp has committed \$200 million over the next three years to address the growth which occurred during the 1990's and which went under funded. He pointed out that Utah is part of a regional system and occurrences of power interruption in other parts of the system beyond Utah jurisdiction will impact the delivery of power locally.

Mr. Scott Gutting, board member of Western Electric Coordinating Council, introduced Mr. Dennis Eyre, Executive Director, Western Electric Coordinating Council. Mr. Eyre addressed the following issues relating to power grid stability and reliability:

1. How power reliability is managed in the United States and Canada.
2. Outages in 1996.
3. Outage in the East in August 2003.
4. Analysis of why these disturbances occur.
5. What has been done since 1996 to minimize power disturbances in the future.

Mr. Mike Peterson, Utah Rural Electric Association, introduced Mr. Jim Tucker, Utah Rural Electric Association. Mr. Tucker explained the power distribution process. His presentation also included an explanation of what happens when power is interrupted and the exactness in operation required to restore and stabilize power flow.

Mr. Mark Chesney, Utah Municipal Power Agency and Utah Association Municipal Power Systems, affirmed the transmission service and operating agreement with PacifiCorp, which facilitates the ongoing working relationship between UMPA, UAMP, and PacifiCorp in supplying energy to the municipal member systems of UMPA and UAMP. Their daily communication and interface with PacifiCorp both personally and electronically addresses energy system load growth and preemptive measures designed to sustain energy flow. UMPA and UAMP provide load growth forecasts and good-faith processes are placed in the agreement to reconcile differences.

Mr. Don Furman, PacificCorp, introduced Mr. Darrell Gerrard, Vice President, PacificCorp, who discussed steps being taken to improve reliability and stability in the power system. These steps include: (1) commitment to the Reliability Management System guidelines; (2) certification of grid operators; (3) coordinated approach with other grid neighbors; (4) transmission improvements; (5) data system upgraded and improved by March; (6) improved transfer capability in Wyoming to be on line in October; (7) analyze power needs in long-range planning modes; (8) regional and west-side planning for security, both short- and long-term; (9) coordinated system operation and control; (10) proscriptive standards adherence; (11) transmission assets for fuel diversity; and (12) recovery of costs.

Mr. Furman spoke to the twin challenges of investment in assets and cost recovery for power delivery.

3. PacifiCorp: Integrated Resource Plan - New Power Generation Project

Mr. Furman stated that the objective of integrated resource planning is to evaluate the totality of needs for new generation of power and supplying those needs to provide safe, reliable, low-cost power. Risk, social needs, and environmentally sensitive approaches are factors important to the plan.

Mr. Furman introduced Ms. Melissa Seymour, PacificCorp. Ms. Seymour reported that the IRP (integrated resource plan) developed in 2002 identified the need for 4,000 megawatts of new capacity over the next 10 years. The portfolio includes the following sources for this increased energy need:

1. 400 megawatts—renewable resources
2. 1,200 megawatts—peaking type resources
3. 2,100 megawatts—base load resources
4. 450 megawatts—demand side resources
5. 700 megawatts—shaped products

Ms. Seymour reported on the action plan in place which is executing the integrated resources plan. The first RFP (request for proposal) issued in January 2003, was for new resources. The second RFP, issued June 26, 2003, requests proposals impacting energy demand (35 proposals received from 25 bidders), and

the third RFP, which will be coming near the end of 2003, is for renewable energy. New projects, as a result of this process, will be launched in the spring of 2004.

Currently, energy peak is the pressing and prominent issue in Utah.

Committee discussion followed.

Ms. Cheryl Murray and Kelly Francone, Committee of Consumer Services, complimented PacifiCorp in its RFP process while at the same time identifying what the committee sees as deficiencies in the process.

Ms. Judith Johnson, Acting Director, Division of Public Utilities, commented on the RFP now in circulation. Her comments included focus on management of the peak load in Utah.

Mr. Campbell noted that the PSC's mission is to ensure that Utah consumers receive low cost power from PacifiCorp while PacifiCorp's risks are properly balanced.

Mr. Gutting introduced Mr. Steve Schleimer, Cal Pine. Cal Pine has responded to the RFP circulated by PacifiCorp and is looking at a proposed site at Geneva, Utah. Mr. Schleimer spoke to the RFP process.

4. Multi-State Process: Cost Allocation Report

Mr. Furman gave a brief history of the multi-state process. He noted that PacifiCorp is regulated by six states. At the time of the merger of PacifiCorp and Utah Power and Light in 1989, a roadmap as to how to allocate costs was not clearly outlined. In the recent past, divergent energy policies in the various states brought the issue of cost allocation to the forefront.

Ms. Andrea Kelly, PacifiCorp, noted that the multi-state process began in April 2002. Its goal was to reach consensus in cost allocation. The multi-state process did not resolve all of the issues, but a compromise solution to balance states' needs was formulated. This compromise proposal will be filed in the states over the next few weeks and will be available for discussion at the next Public Utilities and Technology Committee meeting in October.

Mr. Furman spoke briefly about the new rate case filed with the Public Service Commission.

Senator Blackham invited Mr. Dan Gimbel, Committee of Consumer Services, and Ms. Judith Johnson to address the committee and make their presentations in the October meeting.

The Committee concluded its meeting at 12:00 p.m.

Handout: Malia Rulon, *Demand Grows for Regional Transmission Monitors at Senate Blackout Hearing*, Associated Press, September 10, 2003

